

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 93-231-E - ORDER NO. 93-945  
OCTOBER 18, 1993

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| IN RE: Proceeding Regarding Consideration<br>of Certain Standards Pertaining to<br>Wholesale Power Purchases Pursuant to<br>§712 of the Energy Policy Act of 1992. | )ORDER ADDRESSING<br>)SECTION 712 OF<br>)THE ENERGY POLICY<br>)ACT OF 1992 |
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This matter is before the Public Service Commission of South Carolina (the Commission) for consideration of whether the adoption of certain standards established by the Energy Policy Act of 1992 (the EPACT or the Act) will carry out the purposes of the Public Utility Regulatory Policies Act of 1978 (PURPA). Specifically, before the Commission is the consideration of the standard established by Section 712 of the EPACT. In addition, the Commission has before it the identification of procedures which could minimize the potential for negative impacts related to the Section 712 standard and the identification of procedures which could minimize the potential for cross-subsidizations which might result between jurisdictional electrical utilities and an affiliated exempt wholesale generator (EWG).

The EPACT became law on October 24, 1992. The Act, among other things, amends the Public Utility Holding Company Act of 1935 (PUHCA) by permitting state regulated electrical utilities to wholly own and/or operate generation facilities and to sell the electrical energy at wholesale without regulation by the Federal

Energy Regulatory Commission (FERC).<sup>1</sup> See, Section 711 of the Act.

In addition, the EPACT amends Section 111 of PURPA. In relevant part, PURPA requires each State regulatory authority to consider whether or not it is necessary to implement certain standards to carry out its purposes. PURPA, Section 111(a). The purposes of PURPA are as follows: to encourage (1) conservation of energy supplied by electric utilities, (2) the optimization of the efficiency of use of facilities and resources by electric utilities; and (3) equitable rates to electric consumers. PURPA, Section 101. Section 712 of the EPACT adds the following standard containing four issues to PURPA:

(10) Consideration of the effects of wholesale power purchases on utility cost of capital; effects of leveraged capital structures on the reliability of wholesale power sellers; and assurance of adequate fuel supplies. - (A) To the extent that a State regulatory authority requires or allows electric utilities for which it has ratemaking authority to consider the purchase of long-term wholesale power supplies as a means of meeting electric demand, such authority shall perform a general evaluation of:

- (i) the potential for increases or decreases in the costs of capital for such utilities, and any resulting increases or decreases in the retail rates paid by electric consumers, that may result from purchases of long-term wholesale power supplies in lieu of the construction of new generation facilities by such utilities;
- (ii) whether the use by exempt wholesale generators (as defined in section 32 of the Public Utility Holding Company Act of 1935) of capital structures which employ proportionally greater amounts of debt than the capital structures of such utilities threatens reliability or provides an unfair advantage for exempt wholesale generators over such utilities;
- (iii) whether to implement procedures for the advance approval or disapproval of the purchase of a particular long-term wholesale power supply; and
- (iv) whether to require as a condition for the

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1. FERC must first determine that a facility qualifies as an EWG.

approval of the purchase of power that there be reasonable assurances of fuel supply adequacy.

Section 712(E) of the Act requires that the Commission consider and determine on a utility by utility basis whether it is appropriate to implement the four above issues to carry out the purposes of PURPA by October 23, 1993.

On April 16, 1993, the Commission issued a Notice of Proceeding instructing interested parties on the scope of the proceeding and the manner in which to participate as a party of record. The Notice of Proceeding requested interested parties to file comments on the Section 712 issues and to identify procedures which could minimize the negative impacts of the Section 712 standards and any resulting cross-subsidization. The four jurisdictional utilities, Carolina Power & Light Company (CP&L), Duke Power Company (Duke), Lockhart Power Company (LPC), and South Carolina Electric & Gas Company (SCE&G), were made parties of record. The Commission instructed these utilities to publish one-time the Notice of Proceeding in newspapers of general circulation. The parties complied with this directive.

Thereafter, the South Carolina Energy Users Committee (SCEUC), Nucor Steel, A Division of Nucor Corporation (Nucor), the Consumer Advocate for the State of South Carolina (the Consumer Advocate), the Piedmont Municipal Power Agency (PMPA), and the Electric Generation Association (EGA) intervened as parties of record.

Pursuant to its Order, the Commission conducted a "paper hearing" to consider the direct and rebuttal testimony filed on behalf of the parties. CP&L, Duke, the Consumer Advocate, Nucor, the EGA, and the Commission Staff filed testimony. The SCEUC filed

a letter stating it supported the Commission Staff's testimony. After an exchange of testimony, CP&L, SCE&G, LPC, the Consumer Advocate, the PMPA, the EGA, Nucor, the SCEUC, and the Commission Staff reached a stipulation. Appendix A. Duke and the Commission Staff signed an almost identical stipulation. This stipulation differed in the treatment of utility EWG affiliates. Appendix B.

After thorough review of the applicable law and the submitted comments and testimony, the Commission makes the following findings of fact and conclusions of law.

#### FINDINGS OF FACT

The Commission recognizes that the matter of long-term wholesale electric power as addressed within Section 712 of the EPACT is an evolving issue reflecting numerous uncertainties. The Commission is seeking not only to address the specific issues set forth within Section 712 but also to initiate through this Order a flexible process which can be modified over time when appropriate so as to deal sufficiently with the dynamic issue of long term wholesale electric power. The Commission, in large part, adopts the parties' stipulations with some clarification and modification and thus makes the following findings:<sup>2</sup>

1. The Commission agrees with all of the parties of record in this docket and supports long-term wholesale power purchase arrangements which are consistent with the objective statement of the Commission's Integrated Resource Planning (IRP) process and which provide cost-effective and reliable sources of electricity.

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2. Note that these enumerated paragraphs address the specific items in order as they appear in the stipulations.

2. The Commission agrees with all the parties of record in this docket and finds that the four issues contained within Section 712 of the Act do not need to be implemented by the Commission or by CP&L, Duke, LPC, or SCE&G to carry out the purposes of PURPA. The Commission finds that the significance of most of the issues under Section 712 can best be evaluated on a contract-by-contract and utility-by-utility basis at the time that a long-term wholesale power arrangement is being considered.

Based on the contents and evidence of this proceeding and hearing, the Commission finds that conducting a general evaluation of the impact on the cost of capital, the financial risk and the level of retail rates for Duke, CP&L, SCE&G, and LPC resulting from a long-term wholesale power arrangement in lieu of the construction of new generation facilities by such utilities is not necessary to carry out the purposes of the PURPA standards. The Commission also finds that conducting a general evaluation of whether the highly leveraged capital structure of a wholesale supplier of energy threatens reliability or provides an unfair advantage for the supplier over Duke, SCE&G, CP&L, and LPC is not necessary to carry out the purposes of PURPA. Further, the Commission finds that a preapproval process for Duke, CP&L, SCE&G, and LPC of long-term wholesale power purchases and assurances that there is a reasonably adequate fuel supply are not necessary to carry out the purposes of PURPA. The fact that these issues do not need to be acted upon by the Commission to carry out the purposes of PURPA does not mean that certain of these issues are not worthy of incorporation within a consideration process of long-term wholesale power purchases. In

adopting certain aspects of this item of the stipulations, the Commission recognizes the possible significance of such issues.

3. The Commission finds that the IRP process should serve as the mechanism for each utility's case by case justification of its long-term wholesale power arrangements intended to serve territorial load and for the consideration of any related issues deemed appropriate by the Commission, including any future consideration of any of the issues set forth within Section 712 of EPACT. The IRP procedures specifically related to long-term wholesale power purchases are included within Docket 87-223-E, Order No. 91-1002 under Section B of Appendix A entitled "Requirements for the Development and Composition of the IRP Filing" on page nine in item number sixteen.

4. The Commission agrees with the parties of record and finds that all long-term wholesale power arrangements intended to serve territorial load must comport with the IRP process and procedures along with any additional procedures set forth within this stipulation or approved by the Commission. However, for long-term wholesale power arrangements intended to serve territorial load in excess of 150 MWs, each utility must also file information with the Commission under the appropriate IRP docket pertaining to such an arrangement at the time of its development. This filing will be for informational purposes and for possible Commission review and consideration. In adopting this item, the Commission wishes to point out that it might choose to consider and review any long-term wholesale power arrangement entered into by CP&L, Duke, LPC, or SCE&G. The Commission finds that should it

choose to consider an EWG arrangement, such a consideration will be conducted under the existing IRP docket, but should a particular arrangement warrant, it could be considered by a separate hearing outside the actual three year IRP filing review period and outside the Short-Term Action Plan review process.

5. The Commission finds that any review, consideration and finding concerning a long-term wholesale power arrangement and/or a long-term wholesale power consideration process of a utility within the IRP process does not diminish the utility's responsibility for prudent development and management of long-term wholesale power arrangements and related matters.

6. The Commission finds that Duke, CP&L, SCE&G, and LPC should each develop a long-term wholesale power consideration process to be included within their IRP filed with the Commission. The Commission believes that there is nothing within this stipulated item which precludes the Commission from reviewing a utility's long-term wholesale power process as to its reasonableness within the IRP process should the utility request it and/or should the Commission determine that it is appropriate to do so. Upon the filing of a specific long-term wholesale power process by a utility with this Commission, copies of such a process must also be filed with all parties of record in this docket.

7. The Commission finds that the long-term wholesale power consideration process should be consistent with the following guidelines:

a. all relevant costs and benefits should be included within the consideration process;

- b. any EWG owner and/or operator or any wholesale power supplier subject to Section 712 should have a sound financial backing and/or an appropriate credit rating;
- c. any applicable long-term wholesale power purchase arrangement must be consistent with the objective statement and requirements set forth within the IRP process;
- d. the siting of an EWG in South Carolina must be consistent with the State's requirements for plant siting, land use and environmental rules and regulations;
- e. the acquisition of power should reflect an appropriate mix of generation or source of power consistent with the IRP requirements;
- f. the power supply from an EWG should be adequate and reliable with a sufficient and reasonably reliable fuel supply;
- g. the long-term wholesale power purchase process of a utility must be based on a competitive methodology without bias. The basis for the consideration and selection should be set forth in sufficient detail within the IRP filing.

In accepting this item of the stipulations, the Commission finds that it applies only to "the long-term wholesale power process" as stated within the item. As a point of clarification, the Commission interprets the phrase "based on a competitive methodology without bias" to mean that the consideration of viable long-term wholesale power arrangements within the long-term wholesale power consideration process should be conducted without prejudice and in an impartial manner. This item refers to a "competitive methodology" which was defined above and does not specifically address the concept of competitive bidding. To avoid



any possible confusion concerning this matter, the Commission wishes to make it clear that by accepting this item of the stipulations it is not specifically addressing the concept of competitive bidding at this time.

8. The Commission finds that the information concerning the four issues of Section 712 of the EPACT must be provided by the utility upon request by the Commission. This information would be provided upon request within the IRP review process or during any specific consideration process of a long-term wholesale power arrangement conducted by the Commission.

9. The Commission finds that information concerning which party bears certain risks related to a given long-term wholesale power arrangement must be provided to the Commission upon its request. The risks include related development risks, construction risks, operating and performance risks, fuel supply risks, financial risks, and environmental risks. The Commission realizes the potential difficulty of this process but such information could be essential for the Commission's consideration of any long-term wholesale power arrangement.

10. The Commission finds that it is appropriate to establish certain general guidelines and reporting requirements pertaining to the establishment and operation of any EWG affiliate by Duke, SCE&G, CP&L, and LPC. Subject to possible future Commission decision or order, the Commission sets forth the following as the initial guidelines and reporting requirements for any EWG affiliate/utility relationships:

a. The regulated utilities must advise the Commission of any

affiliate EWG subsidiaries that they establish and/or operate in whole or in part for the purpose of serving 1) territorial load, such as a utility created EWG affiliate participating within the long-term wholesale power consideration process for meeting the system needs of the parent utility, and also 2) those affiliate EWGs established for the purpose of serving outside of the territorial load. (Advising the Commission would include a general description of the long-term wholesale power arrangement and its significant components.)

b. It is incumbent upon the utilities to demonstrate upon request by the Commission and/or its Staff that any utility/affiliate transaction or relationships resulting from an affiliate EWG subsidiary participating within the long-term wholesale power consideration process for meeting the system needs of the parent utility were conducted or established at arms-length and that no inappropriate affiliate preferences occurred.

c. It is incumbent upon the utilities to ensure that no cross-subsidizations occur within any utility/affiliate relationship.

d. When directed by the Commission or its Staff, the utilities must demonstrate the reasonableness, fairness and absence of injurious effect upon the public interest of transactions between an EWG affiliate and the parent.

e. Any affiliate/utility relationships involving an EWG utility subsidiary designed to provide energy to the parent utility to meet system needs must ensure, and the utility must demonstrate, that no unfair advantage existed within the consideration process.

The Commission finds that the utilities must maintain information regarding items a through e of item 10 in a manner readily accessible and available to the Commission Staff along with making available any information specified within items a through e as requested by the Commission or its Staff.

The Commission is aware that the Commission Staff and Duke are currently in the process of developing affiliate/utility procedures and reporting requirements which could be applicable to EWG utility/affiliate relationships but which also would exceed the scope of such EWG relationships. The guidelines and reporting requirements as set forth within this Order are applicable only to EWG utility/affiliate relationships. The Commission finds that should the Commission Staff and Duke develop specific guidelines and reporting requirements for utility/affiliate relationships consistent with the intent of item 10 (which applies only to EWGs) and which are approved by the Commission, these guidelines and reporting requirements would supersede corresponding components of item 10. The possible supersedence of these guidelines and reporting requirements would also be applicable for any other regulated utility subsequent to a request by the utility and Commission approval. Thus, a utility-specific set of Commission approved guidelines and reporting requirements would supersede the general guidelines and reporting requirements set forth within item 10.

#### CONCLUSIONS OF LAW

1. This Order is applicable to CP&L, Duke, LPC, and SCE&G and not to any other party, except for those EWGs subject to

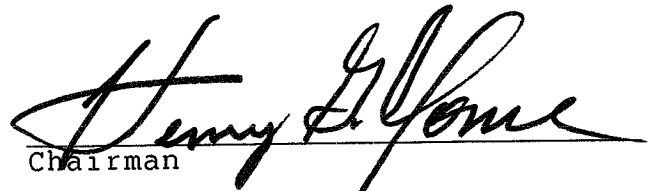
Section 714 of the EPACT.

2. The Commission takes note that Section 714 of the EPACT gives the Commission authority to order the examination of the books of an EWG which sells electricity at wholesale to a regulated electrical utility. The Commission notes that, when it determines it necessary, it will issue such an Order requiring the examination of an EWG's books.

3. When deemed necessary, the parties to this docket may apply to the Commission for appropriate modifications to the process set forth in this Order.

4. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)

STIPULATION

DOCKET NO. 93-231-E

CONSIDERATION OF CERTAIN ISSUES PERTAINING TO WHOLESALE POWER  
PURCHASES PURSUANT TO SECTION 712 OF THE ENERGY POLICY ACT OF  
1992

1. The parties to this stipulation support long-term wholesale power purchase arrangements which are consistent with the objective statement of the Commission's Integrated Resource Planning process and which provide cost-effective and reliable sources of electricity.

2. The parties agree that the four issues contained within Section 712 of the National Energy Policy Act of 1992 (EPACT) need not be implemented by the Commission for Duke Power Company, South Carolina Electric & Gas Company, Carolina Power & Light Company, and Lockhart Power Company to carry out the purposes of the Public Utilities Regulatory Policies Act (PURPA).

The four issues as set forth within EPACT are:

"(i) the potential for increases or decreases in the costs of capital for such utilities, and any resulting increases or decreases in the retail rates paid by electric consumers, that may result from purchases of long-term wholesale power supplies in lieu of the construction of new generation facilities by such utilities;

(ii) whether the use by exempt wholesale generators (as defined in section 32 of the Public Utility Holding Company Act of 1935) of capital structures which employ proportionally greater amounts of debt than the capital structures of such utilities threatens reliability or provides an unfair advantage for exempt wholesale generators (EWG) over such utilities;

(iii) whether to implement procedures for the advance approval or disapproval of the purchases of a particular long-term wholesale power supply; and

(iv) whether to require as a condition for the approval of

the purchase of power that there be reasonable assurances of fuel supply adequacy."

3. The Integrated Resource Planning (IRP) process should serve as the mechanism for each utility's case by case justification of its long-term wholesale power arrangements and for the consideration of any related issues deemed appropriate by the Commission including any future consideration of any of the issues set forth within Section 712 of EPACT. The IRP procedures specifically related to long-term wholesale power purchases are included within Docket 87-223-E, Order No. 91-1002 under Section B of Appendix A entitled "Requirements for the Development and Composition of the IRP Filing" on page nine in item number sixteen.

4. The parties to this stipulation agree that all long-term wholesale power arrangements must comport with the Integrated Resource Planning process and procedures along with any additional procedures set forth within this stipulation or approved by the Commission. However, for long-term wholesale power arrangements in excess of 150 MWs each utility must also file information with the Commission under the appropriate IRP docket pertaining to such an arrangement at the time of its development. This filing will be for informational purposes and for possible Commission review and consideration.

5. The Commission's review and consideration of any long-term wholesale power arrangement within the Integrated Resource Planning process does not diminish the utility's responsibility for prudent development and management of long-term wholesale power arrangements and related matters.

6. Duke Power Company, South Carolina Electric & Gas Company, Carolina Power & Light Company, and Lockhart Power Company should each develop a long-term wholesale power consideration process to be included within their Integrated Resource Plan filed with the Commission.

7. The long-term wholesale power consideration process should be consistent with the following guidelines:

a. all relevant costs and benefits should be included within the consideration process;

b. any EWG owner and/or operator or any wholesale power supplier subject to Section 712 should have a sound financial backing and/or an appropriate credit rating;

c. any applicable long-term wholesale power purchase arrangement must be consistent with the objective statement and requirements set forth within the Integrated Resource Planning process;

d. the siting of an EWG in South Carolina must be consistent with the State's requirements for plant siting, land use and environmental rules and regulations;

e. the acquisition of power should reflect an appropriate mix of generation or source of power consistent with the Integrated Resource Planning requirements;

f. the power supply from an EWG should be adequate and reliable with a sufficient and reasonably reliable fuel supply;

g. the long-term wholesale power purchase process of a utility must be based on a competitive methodology without bias. The basis for the consideration and selection should be set forth in sufficient detail within the IRP filing.

8. Information concerning the four issues of Section 712 of the EPACT must be provided by the utility upon request by the Commission.

9. Information concerning which party bears certain risks related to a given long-term wholesale power arrangement must be provided to the Commission upon request. The risks include related development risks, construction risks, operating and performance risks, fuel supply risks, financial risks, and environmental risks.

10. The parties to this stipulation support the following procedures which are designed to monitor and provide certain regulatory guidelines for the establishment and operation of an EWG subsidiary by either Duke Power Company, South Carolina Electric & Gas, Carolina Power & Light Company, or Lockhart Power Company:

a. utilities must disclose to the Commission any affiliate EWG subsidiaries that they establish with a description of any arrangements entered into by the EWG subsidiaries;

b. utilities must disclose to the Commission any utility/affiliate relationships which arise within their long-term wholesale power consideration process including any which occur within a competitive bidding situation for

additional generating resources to serve territorial load such as a utility created EWG subsidiary bidding to provide energy to meet the system needs of the parent utility;

c. it is incumbent upon the utilities to demonstrate that any utility/affiliate transactions or relationships resulting from situations referred to in item b were conducted or established at arms-length and that no inappropriate affiliate preferences occurred;

d. it is incumbent upon the utilities to ensure that no cross subsidizations occur within any utility/affiliate relationship;

e. the utilities must demonstrate the reasonableness, fairness and absence of injurious effect upon the public interest of transactions between an EWG affiliate and the utility;

f. the utilities must ensure that any resources obtained from the affiliate by the utility and also that any resources obtained by the affiliate from the utility were obtained at competitive or market prices;

g. for any affiliate/utility relationships involving an EWG utility subsidiary designed to provide energy to the parent utility to meet system needs the utilities must ensure and demonstrate that no unfair advantage existed within the consideration process;

h. the utilities will maintain information to support items a through g in a manner readily accessible and available to the Commission Staff.



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| -----<br>Consumer Advocate for the<br>State of South Carolina | -----<br>Date |
| -----<br>Carolina Power & Light Company                       | -----<br>Date |
| -----<br>South Carolina Electric & Gas Co.                    | -----<br>Date |
| -----<br>Lockhart Power Company                               | -----<br>Date |
| -----<br>Nucor Steel,A Division of Nucor Corp.                | -----<br>Date |
| -----<br>South Carolina Energy Users Committee                | -----<br>Date |
| -----<br>Piedmont Municipal Power Agency                      | -----<br>Date |
| -----<br>Electric Generation Association                      | -----<br>Date |
| -----<br>South Carolina Public Service<br>Commission Staff    | -----<br>Date |

OCTOBER 18, 1993

APPENDIX B

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STIPULATION

WITH DUKE POWER COMPANY

DOCKET NO. 93-231-E

CONSIDERATION OF CERTAIN ISSUES PERTAINING TO WHOLESALE POWER  
PURCHASES PURSUANT TO SECTION 712 OF THE ENERGY POLICY ACT OF  
1992

1. The parties to this stipulation support long-term wholesale power purchase arrangements which are consistent with the objective statement of the Commission's Integrated Resource Planning process and which provide cost-effective and reliable sources of electricity.

2. The parties agree that the four issues contained within Section 712 of the National Energy Policy Act of 1992 (EPACT) need not be implemented by the Commission for Duke Power Company, South Carolina Electric & Gas Company, Carolina Power & Light Company, and Lockhart Power Company to carry out the purposes of the Public Utilities Regulatory Policies Act (PURPA).

The four issues as set forth within EPACT are:

"(i) the potential for increases or decreases in the costs of capital for such utilities, and any resulting increases or decreases in the retail rates paid by electric consumers, that may result from purchases of long-term wholesale power supplies in lieu of the construction of new generation facilities by such utilities;

(ii) whether the use by exempt wholesale generators (as defined in section 32 of the Public Utility Holding Company Act of 1935) of capital structures which employ proportionally greater amounts of debt than the capital structures of such utilities threatens reliability or provides an unfair advantage for exempt wholesale generators (EWG) over such utilities;

(iii) whether to implement procedures for the advance approval or disapproval of the purchases of a particular long-term wholesale power supply; and

(iv) whether to require as a condition for the approval of the purchase of power that there be reasonable assurances of fuel supply adequacy."

3. The Integrated Resource Planning (IRP) process should serve as the mechanism for each utility's case by case justification of its long-term wholesale power arrangements and for the consideration of any related issues deemed appropriate by the Commission including any future consideration of any of the issues set forth within Section 712 of EPACT. The IRP procedures specifically related to long-term wholesale power purchases are included within Docket 87-223-E, Order No. 91-1002 under Section B of Appendix A entitled "Requirements for the Development and Composition of the IRP Filing" on page nine in item number sixteen.

4. The parties to this stipulation agree that all long-term wholesale power arrangements must comport with the Integrated Resource Planning process and procedures along with any additional procedures set forth within this stipulation or approved by the Commission. However, for long-term wholesale power arrangements in excess of 150 MWs each utility must also file information with the Commission under the appropriate IRP docket pertaining to such an arrangement at the time of its development. This filing will be for informational purposes and for possible Commission review and consideration.

5. The Commission's review and consideration of any long-term wholesale power arrangement within the Integrated Resource Planning process does not diminish the utility's responsibility for prudent development and management of long-term wholesale power arrangements and related matters.

6. Duke Power Company, South Carolina Electric & Gas Company, Carolina Power & Light Company, and Lockhart Power Company should each develop a long-term wholesale power consideration process to be included within their Integrated Resource Plan filed with the Commission.

7. The long-term wholesale power consideration process should be consistent with the following guidelines:

a. all relevant costs and benefits should be included within the consideration process;

b. any EWG owner and/or operator or any wholesale power supplier subject to Section 712 should have a sound financial

backing and/or an appropriate credit rating;

c. any applicable long-term wholesale power purchase arrangement must be consistent with the objective statement and requirements set forth within the Integrated Resource Planning process;

d. the siting of an EWG in South Carolina must be consistent with the State's requirements for plant siting, land use and environmental rules and regulations;

e. the acquisition of power should reflect an appropriate mix of generation or source of power consistent with the Integrated Resource Planning requirements;

f. the power supply from an EWG should be adequate and reliable with a sufficient and reasonably reliable fuel supply;

g. the long-term wholesale power purchase process of a utility must be based on a competitive methodology without bias. The basis for the consideration and selection should be set forth in sufficient detail within the IRP filing.

8. Information concerning the four issues of Section 712 of the EPACT must be provided by the utility upon request by the Commission.

9. Information concerning which party bears certain risks related to a given long-term wholesale power arrangement must be provided to the Commission upon request. The risks include related development risks, construction risks, operating and performance risks, fuel supply risks, financial risks, and environmental risks.

10. The parties to this stipulation support the concept that appropriate procedures should be designed to advise the Commission concerning the establishment and operation of an EWG subsidiary by Duke Power Company. The Commission Staff and Duke Power Company are currently in the process of developing affiliate/utility procedures and reporting requirements which should adequately address this matter.

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Duke Power Company

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Date

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South Carolina Public Service  
Commission Staff

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Date